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VOLVO 1969

ANNUAL REPORT FOR 1969 — FORTY THIRD YEAR OF OPERATIONS



AB Volvo

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Deputy Auditors

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Auditor for the Volvo Corporation

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Compliments of

VOLVO (Canada) Ltd.

Bengt Junker, a member of the Board of AB Volvo since 1957, died on February 18th, 1970. The Company benefited greatly from his dedicated and valuable service which his colleagues on the Board will remember with a sense of gratitude and loss.

VOLVO

ANNUAL REPORT FOR 1969 — FORTY THIRD YEAR OF OPERATIONS

Contents

Board, Management, Auditors	40. Auditors' report
2. Financial highlights	41. The Volvo Corporation 1965—1969
3. The Volvo Corporation ¹⁾	42. Consolidated balance sheet
10. The Parent Company ¹⁾	43. Consolidated income statement
12. Cars	44. Comments on the consolidated statements
17. Trucks	46. Parent Company's balance sheet
22. Buses	47. Parent Company's income statement
24. Marine and industrial engines	48. Comments on the statements of the Parent Company
27. AB Bolinder-Munktell	52. Tables and diagrams
30. Svenska Flygmotor AB	Organization plan of the Volvo Corporation
32. Olofström AB	
34. Other subsidiaries	
38. Capital requirements and dividend policy	
39. Proposed distribution of unappropriated earnings	

¹⁾ The Volvo Corporation refers to the group as a whole and the Parent Company to AB Volvo.

Raised figures in the text refer to the tables on pages 52—55.

Annual Meeting

The Annual Meeting will be held in the Volvo Hall at the Head Office of Volvo in Göteborg, Monday, May 4, 1970, at 10 a.m. Buses will leave from Gustav Adolfs Torg at 9.15 a.m. Stockholders who wish to participate in the meeting should make this known to the Board latest Wednesday, April 29, 1970.

Proposed Distribution of Unappropriated Earnings

Available for disposal by the Annual Meeting are unappropriated earnings of 258.9 mkr.

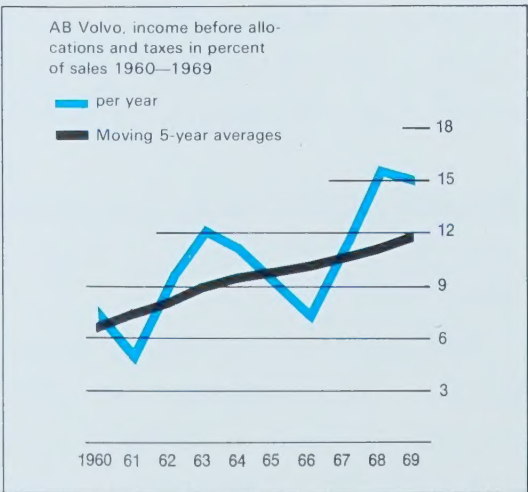
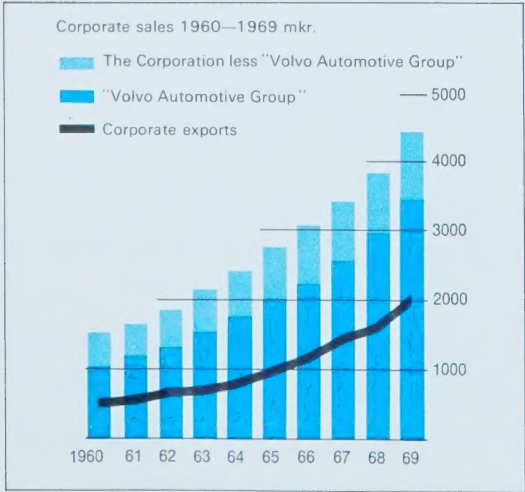
The Board and President propose to the Annual Meeting that a dividend of Kr. 6: — be paid for the year 1969 against Coupon No. 35. This dividend, corresponding to 8 % of the share capital and proposed bonus issue, amounts to 41.0 mkr and is payable immediately following the Annual Meeting.

Financial Highlights

(Amounts in millions of Kr, unless otherwise stated)

	VOLVO CORPORATION		PARENT COMPANY	
	1969	1968	1969	1968
Sales	4,400.2	3,864.8	2,968.5	2,507.6
Income before allocations				
and taxes	553.4	472.4	441.5	398.8
in % of sales	12.6	12.2	14.9	15.9
Allocations	219.8	174.7	214.9	164.1
Taxes	166.1	167.1	106.5	118.0
Net income	167.5	130.6	130.1	116.7
in Kr, per share	24:50	19:10	17:60	17:05
Proposed dividend, Parent Company	—	—	41.0	37.6
in Kr, per share	—	—	6: —	5: 50
Calculated income in Kr, per share*)	40:40	32:40	33:20	29:60
Capital expenditure	247.1	156.1	142.6	93.1
Number of employees 12/31 69	34,048	25,879	18,070	15,759
Salaries and wages	844.5	635.9	462.5	373.8

*) Net profit plus allocations, but less calculated decrease in taxes caused by the allocations.



Management Report

The Volvo Corporation

1969 was the most successful year so far for the Volvo Corporation with sales of 4,400 mkr and higher income than in any previous year. Sales in Sweden increased by 18 % to 1,756 mkr. Foreign sales of the Corporation totaled 2,644 mkr in 1969, of which exports from Sweden 2,071 mkr.⁴⁾ Upsets occurred during the year, particularly in the export markets, in the form of exchange crises credit restrictions, strikes, political actions, etc. The revaluation of the D-Mark increased the cost of materials and parts bought from West Germany, an important source of supplies for the Parent Company. This negative influence is compensated for to some degree by the improvement in the competitive situation vis-à-vis the German car industry caused by the revaluation. The prolonged port strikes in the United States during the winter postponed the shipment of cars resulting in lower sales on this market. In the Middle East sales decreased in some markets due to the political tension. However, the high level of economic activity generally prevailing internationally gave such a strong stimulus to the total corporate sales, that budgeted figures were exceeded in spite of these disturbing factors.

Due to the credit restrictions and the high level of interest, total new car sales in Sweden increased by only 6 %. On the other hand, new registrations in the other Scandinavian countries increased strongly everywhere. Most Western European markets also evidenced positive developments. In the United States the total market showed an insignificant improvement.⁸⁾

Also the truck market was stimulated by the high level of economic activity prevailing internationally, resulting in a markedly increased demand. Most truck manufacturers lengthened their delivery time.

The total market for buses for more than 25 passengers showed an increase in Sweden, but was unchanged in the other Scandinavian countries.

Due to bad crops in 1969 the market for agricultural machinery diminished in Sweden. Bolinder-Munktell kept its share of the market for tractors and combines. Sales of agricultural tractors increased due to a better than 10 % improvement in exports, while that of combines decreased somewhat. The marketing of combines in the Scandinavian countries was taken over from Aktiv-Fischer AB. On the industrial machinery side, the total market increased for both

Raised figures in the text refer to the tables on pages 52—55.

loading and forestry machines. The sales by Bolinder-Munktell of these products increased in Sweden as well as abroad.

The market for pleasure boats continued to expand strongly in Sweden as well as abroad, which resulted in a substantial increase in the sales of *marine engines* by Volvo Penta. Industrial engines were also in greater demand.

Flygmotor kept up the delivery of jet engines to the Swedish and Danish armed forces, and of engine parts to Rolls Royce in England. The manufacture of transmission trains for tanks was also carried on. The activity of Grafiska Maskin AB, a subsidiary of Flygmotor, was sold during the year.

The Swedish automobile-balance showed an export surplus of 501 mkr (436 mkr)¹⁾ in 1969. The share of the car industry in total Swedish exports amounted to 7.7 % (7.3 %)²⁾ in 1969.

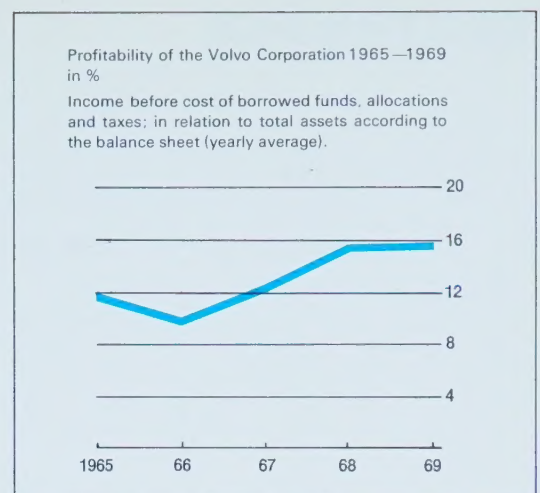
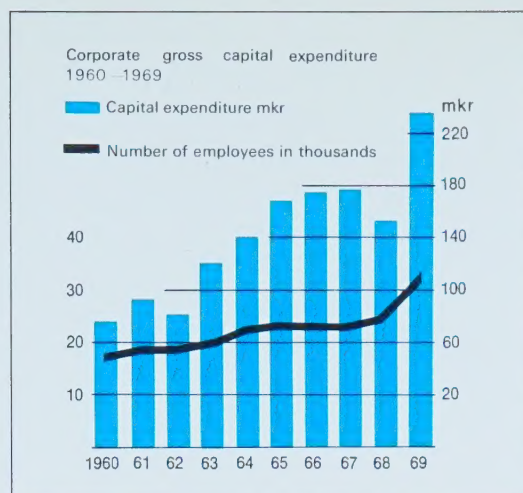
The Volvo Corporation was responsible for 7 % (6.7 %) of this total amount.³⁾

Total corporate sales rose by 14 % (1968—13 %) in 1969. As is evident from the table shown below, the Parent Company increased sales by somewhat more than the average, or 18 %. Of the Swedish subsidiaries, the Bolinder-Munktell Group showed a growth in sales of 14 %, while the increase for Svenska Flygmotor was 3 %. The Volvator Group's share of corporate sales rose through further acquisitions.

In the following analysis of total corporate sales (in mkr), deliveries from the Parent Company have been deducted from the sales figures of the subsidiaries.

	Sweden	Foreign	Total	Increase
Parent Company	1,219	1,750	2,969	18 %
Subsidiaries	537	894	1,431	6 %
Total	1,756	2,644	4,400	14 %

Corporate income before allocations and taxes increased by 81 mkr or 17 %. Automobiles, which during the last few years had been responsible for the largest share of the growth in profits, remained the product line making the biggest contribution to corporate incomes. However, it was somewhat less profitable compared with the previous year, largely due to increased costs.



The profitability of commercial vehicles as well as of Volvo Penta engines improved considerably.

The Bolinder-Munktell Group showed a heartening improvement of profits, and the continued deterioration in the profitability of agricultural machinery was more than compensated for by the expansion in industrial and forestry machinery lines.

The production of aircraft engines and the inherent development work by Svenska Flygmotor gave approximately the same profit as last year, while the closing down of the graphic machinery line continued to have a negative effect on the results.

Total profits of the foreign subsidiaries amounted to 16 % of corporate income before allocations. Lower profits of the North American subsidiaries were more than compensated for by improvements by all other foreign subsidiaries.

The Parent Company's share of corporate profits was reduced from 81 % to 72 %. The most important factors bearing on the profit picture of the Parent Company are discussed on page 11. The results of the Parent Company, as well as those of the other Swedish manufacturing companies, were negatively affected by higher raw material costs, and, more important, by increased wages and salaries and also higher turnover of personnel in the second half of the year.

In the Parent Company, as well as Bolinder-Munktell, maximum permissible tax-deductible depreciations and allocations to investment funds were made.

The liquidity of the Corporation improved somewhat during 1969 in spite of large capital investments and increases in inventory and receivables. Budgeted capital expenditure, including the payment for the Olofström company of 140 mkr, which is to be made on December 31, 1970, will result in a reduction of the liquid assets of the Corporation during 1970. Production capacity was close to full utilization in the Parent Company as well as the manufacturing subsidiaries.

The total number of employees in the Corporation ¹⁵⁾ was 34,048 at the yearend 1969. The increase during the year was 8,169 persons, of which 4,800 represent the personnel of companies acquired during the year. Of these, Olofström accounted for 4,676. In the foreign companies of the Corporation, the staff increased by 357 during the year.

The substantial increase in production created an increased need for employees of nearly all categories. Due to the shortage of labor, this need had to be covered through intensified recruiting in underemployed areas in Sweden and abroad, and through training and promotion within the Corporation. During the year, the Corporation staff responsible for co-ordination of training and education developed methods and programs for the educational sector as well as practical suggestions for training and education adapted to the different needs and desires of the various companies in the Corporation. A management program with a strong international flavor for the executive level immediately below top management was started during the year. A test program was initiated under trade union guidance to enable employees to utilize the opportunities provided by the public education for adults.

Health care within the Corporation was further expanded along the lines that Volvo has systematically followed for many years, and which largely coincide with those incorporated in the 1967 agreement between employers and unions. This activity is ultimately aimed towards employee welfare in the widest connotation of the term. It is carried out in a technical section through plant safety and industrial health programmes as well as human engineering and also in a medicinal section through health care, hospitalization, rehabilitation and other activities with adaptation as their objectives. A special educational program is under continuous development with emphasis on the adjustment of men to machines and the industrial environment. This program is used by the various companies of the Corporation to train all production technicians and foremen.

The past year already marked the beginning of the new expansion period for the Corporation for the first half of the 1970's. This presumes substantially larger capital expenditure than ever before in the history of the Corporation. During 1969, a sum of 91 mkr more than the previous year, or 247 mkr of capital expenditure was made by the Swedish and foreign companies of the Corporation. Of this 125 mkr were aimed at increased production capacity. During 1969, the Swedish manufacturing companies of the Corporation received permission of the authorities to utilize a total amount of 317 mkr from the investment funds. Such authorizations were utilized during the year for a total sum of 65 mkr.

Details regarding these expenditures will be found in the parts of this report dealing with the Parent Company, AB Bolinder-Munktel and Svenska Flygmotor AB.

For the Volvo Corporation the 60's were a period of strong and continuous development which brought the Corporation to the top among Swedish industrial corporations in sales and exports. Sales about tripled and exports quadrupled. The Corporation was thus able to maintain its competitive edge internationally in spite of substantial increases in the cost of staff and raw materials. Only consistent and continuous rationalization of production and administration made this possible. As a result, the total number of employees of the Corporation did not have to grow in proportion to production. The increase in production during the last ten-year period has added 5,000 new jobs to the Corporation. In the 60's over 1,400 mkr were invested in real estate, plant and equipment, which largely doubled the production capacity of the Corporation. This amount also includes investments in facilities for technical development and marketing in Sweden and abroad. For leisure activities of the employed a total of 24 mkr has been appropriated during the years 1968/1969.

The Volvo Corporation in the 70's

The President's interim report for the first six months of 1969 touched on the expansion plans of the Volvo Corporation for the '70s and on a few of the problems which will have to be faced during the new decade. It would seem appropriate to review some of these here again briefly.

Since the end of the 1950's the Volvo Corporation has consistently developed its exports. The products that have been the particular objects of this export drive are cars and trucks, buses, marine engines and industrial machinery of various kinds. The goals that were established have been reached. Plans for the 70's include continued expansion. It is already evident, however, that the shortage of labor and the unfavorable development of the cost level in Sweden will force the Corporation to locate part of this necessary expansion of the production, as well as final assembly to a larger extent abroad so as not to reduce the ability of the Corporation to compete internationally. Major components, such as engines, transmissions, etc. will, however, continue to be manufactured in

Sweden over the foreseeable future. The plants of the Volvo Automotive Group for assembly of cars and trucks in Belgium will be expanded in accordance with decisions already taken, and this will to some degree lessen the demand pressure for additional employment primarily in the Gothenburg area.

Each new product that the Corporation will market during the 70's will require substantially larger personnel and financial resources than earlier and will therefore require a more intensive investment. The "technical center" for design and development of cars, which is under construction in Gothenburg, is one of the large projects of this investment program¹⁴). At the same time the marketing side is being expanded in Sweden as well as outside the country on nearly all export markets.

In this connection it should be mentioned that the suit brought against Volvo in Sweden before the Restrictive Trading Practices Board for the system of exclusive sales franchise can, if lost, have very substantial negative consequences, a fact which the Company has strongly emphasized (see further on page 14).

From what is mentioned above regarding expansion in the 70's, it is evident that in the future the Corporation will have to depend on the availability of additional financing both at home and abroad. It is clear that financial confidence in the stability of the Swedish Krona in foreign markets is an important condition for the raising of further capital for this expansion.

Another important question during the 70's will be where Sweden will stand in the European community. At present, the planning of locale and timing for further capital investments is based on the working premise that it will take a number of years before Sweden becomes either a member or associate of the EEC.

After the Parent Company, AB Bolinder-Munktell is the largest entity in the Corporation. During the last few years a shift has taken place in the demand for B-M products from the agricultural line to industrial equipment of various kinds. Should this shift become further pronounced during the 70's, the B-M product line will be progressively changed. In this situation, B-M's emphasis on equipment for the mechanization of the forest industry will become important. Svenska Flygmotor AB, another subsidiary, is obviously dependent to a large extent on the continuity of government orders for the armed forces. Should,

The increase in manufacturing capacity for cars which was decided during the year requires an expansion of several of the Automotive Group installations. Construction was started in a number of localities during 1969.

The employee recreation center which was opened at Skövde in 1969 includes a large swimming pool. During the last two years the Board has allocated a total of 24 mkr from profits to staff benefits in the form of various funds and staff recreation centers with open-air facilities.



in the future, these be smaller than indicated earlier by the armed forces plans, this company must increase its manufacture of various civilian products. Flygmotor could also become a supplier to the other companies of the Corporation to a larger extent than heretofore, and it is probable that a gradual restructuring of its product lines will take place in the 70's.

If corporate manufacturing activity is to be located largely in Sweden also in the future, as is presently planned, the Corporation must as heretofore be allowed to function without restrictive interference from government authorities and in a climate favorable to free enterprise involving continued good co-operation with governmental and local authorities. Furthermore, the Swedish cost level must not diverge so much from those prevailing on international markets, that this would weaken the competitive situation of the Corporation.

If these basic conditions are fulfilled in the 70's, the Volvo Corporation can look forward to further strong growth during the new decade.

The Parent Company

Sales of AB Volvo reached 2,969 mkr in 1969, which was 461 mkr or 18 % over 1968. Domestic and foreign sales both increased at about the same rate.⁹⁾¹⁰⁾

Production of automobiles rose to a total of 197,300 units (183,200 during 1968), of which 181,700 cars (170,700) and 15,600 commercial vehicles (12,500).

Employment increased during the year and at the end of 1969 the staff was 2,300 larger than at the beginning of the year. The situation in the labor market caused problems. Over half of all those hired during the year on an hourly-wage basis were foreigners, mainly from Finland and Yugoslavia. The adaptation of these people to new conditions created problems which had to be solved. Training, partly in co-operation with the trade union locals, required large efforts, and so did social welfare activities, particularly as regards the difficult housing problem.

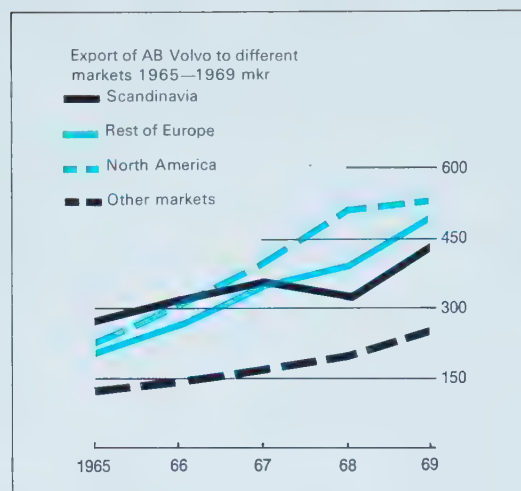
Investments in plant facilities amounted to 143 mkr (93 mkr).¹³⁾ These were largely intended for new expanded production facilities, but substantial amounts were also appropriated for technical development work within the framework of the long-range program announced in February 1969.¹⁴⁾

Apart from the purchase of Olofström AB, which took place in the beginning of the year and was already commented on in last year's Annual Report, the Parent Company invested a total of 24 mkr in several subsidiaries through capital increases. 11 mkr were thus contributed to the sales companies in Germany and France as part of the emphasis on continental Europe.

The Volvator Group, whose function is to manage Volvo's interest in the distribution network in the Scandinavian countries, is growing and the capital of Volvator was increased by 10 mkr.

The reorganization based on product divisions was successively put in effect during the year and seems to come up to expectations of increased efficiency.

The results of the operation are shown in the following abbreviated analysis in comparison with 1968.



	1969		1968	
	Mkr	%	Mkr	%
Sales	2,968.5		2,507.6	
Less:				
Materials (including freight, tools, cost of	1,819.2	61.3	1,539.3	61.4
guaranties) Salaries and wages, hourly	277.0	9.3	217.9	8.7
monthly	185.5	6.3	155.9	6.2
Depreciation according to plan	68.9	2.3	63.7	2.5
Other costs	246.0	8.3	195.0	7.8
Remains	371.9	12.5	335.8	13.4
Add:				
Dividends, net interest earned	69.5	2.4	69.9	2.5
Net income before allocation and taxes,	441.5	14.9	398.8	15.9
of which it is proposed to set aside:				
for taxes	106.5	3.6	118.0	4.7
for dividends	41.0	1.4	37.6	1.5
for retained earnings	293.9	9.9	243.2	9.7

The 1969 increase in sales volume was the biggest during all of the 60's. Largely through this growth it was possible to compensate for the very substantial increase in costs which took place during the year. The cost of the company's product development including tooling was substantially higher than in 1968 and about 10 % above the average for the last five-year period.

Higher salaries and wages as well as material costs will lead to price increases during 1970. The cost of product development is also expected to be substantially higher in the next few years than during 1969. The investment program will have a negative effect on the liquidity of the company and thereby on net interest earned. The year 1970 is therefore expected to show a result which will not come up to that of 1969 in spite of a further budgeted increase in sales, this time of the order of 8—10 %.

Within the EEC area, Volvo has strengthened its marketing organization through the establishment of important centers and a heavy increase in the number of distributors. In 1960 Volvo sold 3,600 cars within EEC. In 1969 sales reached 20,260 units.

Automobiles

AB Volvo, Car Division, is under formation as a separate profit unit. Its organizational units were created during the year and have started functioning.

Work continued during the year on the further development and adaptation of the various models to the requirements of the market. Among new features, an electronic fuel injection system deserves mentioning, introduced on the P 1800 and a commercial version of the P 145 station wagon.

Sales of automobiles in *Sweden* and on export⁹⁾ developed according to plan but with a certain redistribution between various market areas. The positive reaction of the market to the 1970 models resulted in an increased buying interest towards the end of the year which production was not able to satisfy. Manufacture of model 210 and the 121/122S station wagon was discontinued during the year according to plan. This led to an increased production of the 140-series, which during a large part of the 70's will be responsible for the bulk of Volvo car sales.

Total sales of cars in Sweden which, at the beginning of the year, had been estimated to about 230,000 units reached only 225,500.⁸⁾ Volvo's share rose to 26.1 %.

In the neighbouring *Scandinavian countries* total sales⁸⁾ increased generally and Volvo maintained its position on those important markets. More cars were sold in Norway than in any previous year, and Volvo sales there also set a new record. The expansion of the car market is expected to continue in Denmark and Finland this year, while a slowing down can be foreseen in Norway as a result of the introduction of "value-added tax" during 1970.

1969 saw the launching of Volvo's "Investing in the 70's". The expansion of the sales organization in the *European markets*, which is an important part objective in this investment program, was begun and showed results already in 1969. This was particularly marked in Germany and France. In both these countries Volvo increased its share of the substantially larger total market. An important contributing factor was undoubtedly the newly established bases for service and sale of parts.

In Switzerland and Great Britain, Volvo sales expanded further — in Great Britain in spite of a pronounced shrinkage of the total car market.



In Great Britain the sales of Volvo were successful in spite of a considerably weaker market for cars.



The Volvo station wagon is more and more in demand as a reliable and practical all-round vehicle, particularly in the United States.

For many years the *United States* has been the largest Volvo export market for cars. It has been possible to increase sales to the U.S. during the last five years, and, as planned, maintain these within the range of 20 % of total car production. In real figures, sales decreased somewhat due to the lasting and drawn-out longshoremen's strikes which affected shipments during the winter. Over a longer period the United States has proved to be the most stable car market for Volvo outside Sweden. In all Volvo markets, the U.S. is the largest buyer of the 164 and 1800 cars. For 1970 the sales target has been set substantially above that of 1969 in spite of stronger competition from both the domestic automobile industry and imported makes. Sales in Canada fell by 9 % compared to 1968 due to the loss of production caused by a strike at the Halifax plant. On foreign markets outside Europe and North America, Volvo advanced its position according to plan and increased sales.¹⁰⁾

In the fall of 1968 Volvo and two other automobile distributors were cited before the Office of the Swedish Restrictive Trading Practices Commissioner for refusal to make deliveries to Stockholms Bilvaruhus AB, BIVA, a subsidiary of IC. In February 1970 the Restrictive Trading Practices Board decided to refer the question of the consequences to the companies of deliveries to BIVA to special experts for further study.

Access to the present well integrated selective distribution system has been a fundamental condition for the success of Volvo on the Swedish market, and thereby for company expansion in general. The responsibility of the dealers for





Sales of Volvo cars in the United States are handled through a subsidiary, Volvo Inc., which has its own distributing companies with import installations at New York, Houston, and Los Angeles. These are the bases for Volvo marketing across the vast American continent.

their respective markets and their concentration on sales of Volvo products are keystones of the distribution system. Volvo has steadily, and with great emphasis, stated that deliveries to a company which does not accept responsibility for a market nor concentrates its sales efforts to Volvo products, would result in the ruin of the present effective distribution system. This would, in turn, make impossible the present co-ordination between production and distribution. As IC is only interested in deliveries from leading car manufacturers, the competitive conditions of the industry would be distorted. The consequence of deliveries to BIVA would be a serious deterioration in Volvo's competitive position.

Trucks

AB Volvo, Truck Division, was established in January 1969. During the year important new product development projects were started and a major strengthening of manufacturing and laboratory resources was begun. The product development in this division will, during the next few years, be aimed towards a higher degree of specialization of trucks for particular transport jobs and for the various requirements of different markets. In 1969, as part of this policy, Volvo introduced a number of equipment options for the heaviest trucks. Two new transmissions were introduced, one with 16 and one with 8 speeds and a hydraulic torque booster. The first is intended specially for long distance hauling, while the second is meant for construction work and city driving. In addition, two new cab arrangements were introduced, one with a short cab for use in transporting bulky loads and the other with the front axle moved forward, permitting an increased load with the same vehicle length for the countries where a so-called bridge formula influences the design of the vehicles. This is the case in Sweden and Australia, among other countries.

The company's truck manufacturing plants were utilized to full capacity. Some minor problems arose in the production due to delivery problems encountered by a few suppliers, but even so more trucks could be delivered than last year. The large demand, which was caused in part by the general high level of economic activity with its increased need for transport of goods, and by the fact that the re-equipment of trucking companies had been postponed in earlier years, was noticeable in most of Volvo's important truck markets. In spite of the increased production⁷⁾ the demand for Volvo trucks exceeded the supply during the whole year and at yearend there was a substantial backlog of orders. Volvo was well able to maintain its market share in *Sweden* and in the other *Scandinavian countries*. However, on the *EEC markets* Volvo's share could not be maintained, in part due to the lack of capacity in the Company's assembly plant in Belgium. The expansion of truck sales in the *EFTA area* continued, with particular success in Great Britain and Switzerland. On the *non-European markets*, where the responsibility for marketing since January 1969 is with AB Volvo, Overseas sales also showed good progress. From the *Eastern European countries* the demand for trucks was lower than the previous



Brightest Picture Paper

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FINLAND
ROLL No. 4111
WEIGHT 25.7 x 11.454

SKETCH
FINISH
Britain's Brightest Picture Paper

In 1967 Volvo started selling trucks to Great Britain, which rapidly developed into one of the most important markets of the Company.

THE PARENT COMPANY

Volvo has important and expanding markets for its trucks in Latin America, the Middle East, Asia and Africa. In Morocco the Company's market share is more than 50 % for trucks with over 6 tons load capacity.



year and only a limited number were delivered. During the year Volvo was awarded a development project from the Swedish armed forces for a light cross-country vehicle. Deliveries are to be started in 1973.⁶⁾⁷⁾⁹⁾

There are in Sweden about 73,000 trucks with a load capacity of over two tons. Their utilization can be broken down as follows:

Distribution	46,000
Long-distance hauling	5,000
Construction	10,000
Other	12,000

According to available statistics, total transport of goods and materials in Sweden amounted to about 40 billion ton kilometers in 1969. Of these, 3 billion ton kilometers by inland sea transport, 16 by railroad and 21 by trucking, of which about 4 billion ton kilometers by long-distance hauling over a distance



During 1969 Volvo introduced a number of equipment options for its heaviest trucks which makes them better adapted to specific transportation tasks. Among these options is an 8-speed transmission with hydraulic torque booster intended for use on construction sites and in cities.

West Germany is becoming a more important market for trucks. This fact and the large volume of long-haul transit traffic, makes Volvo continue the expansion of dealerships and service installations.



of more than 100 km. It has been estimated that only 5—10 % of the long-haul truck transport, or 0.2—0.4 billion ton kilometers could alternatively be handled by the railroads. It is clear that the far larger portion of all truck transport in Sweden is of such a nature that no reasonable technical or economic alternative is available — trucks have no replacement in our economy and society.

Buses

When on January 1, 1968, AB Volvo, Bus Division, was established as an independent unit within AB Volvo, a more determined concentration on the objectives of the new organization was achieved. This creation of a separate unit for the design and marketing of buses has been successful. Increased resources, including product development were made available, and resulted in several technical improvements primarily of a nature to increase the reliability of the product. A new bus-type was introduced during the year. It is primarily intended for the Scandinavian market but is also counted on to provide sales on other export markets. From the point of view of billing, 1969 was the biggest year for Volvo's bus business since its inception in 1933. Sales totaled more than 1,100 units, of which about 80 % were exported, and were successful on all markets.⁹⁾

Bus transport in Sweden and in most developed countries has undergone an important structural change since the war. Competition from private cars has strongly diminished the old type of bus transport between the countryside and the cities and in many places it has completely disappeared. In its place other forms of bus transport have been added or developed. Today the major portion of bus transport is concentrated to the following main types of traffic:

City and suburban transport — strongly increased due to continued urbanization, discontinued tramways and difficulties for private cars to circulate and park in the larger cities.

Long-distance transport which includes the replacement of discontinued railway traffic.

Schoolbusing

The number of buses in traffic in Sweden was 8,100 on January 1, 1960, and had at the beginning of 1969 risen to 12,600 of which 7,400 for more than 25 passengers. The continued development of our society indicates that the forms of bus transport mentioned above will develop further both in Sweden and abroad and that thereby also the market for Volvo buses will grow further.



Volvo Penta — the world's largest exporter of marine engines to the United States — has about 20 % of the American market for inboard engine/outboard drive units. Several of the large U.S. powerboat manufacturers use Volvo Penta Aquamatic as standard.

Marine and Industrial Engines

Volvo's sales of marine and industrial engines are handled by AB Volvo Penta, whose sales income is including in AB Volvo's figures.

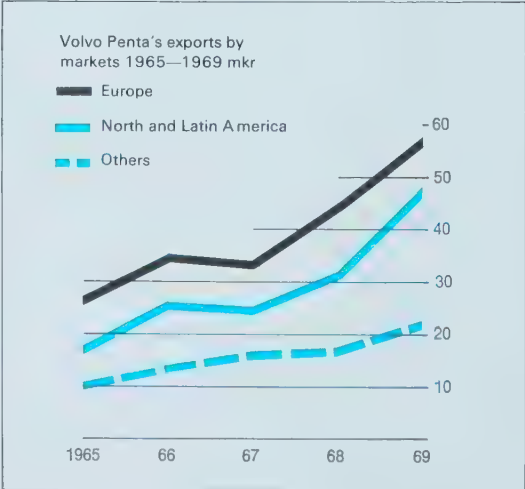
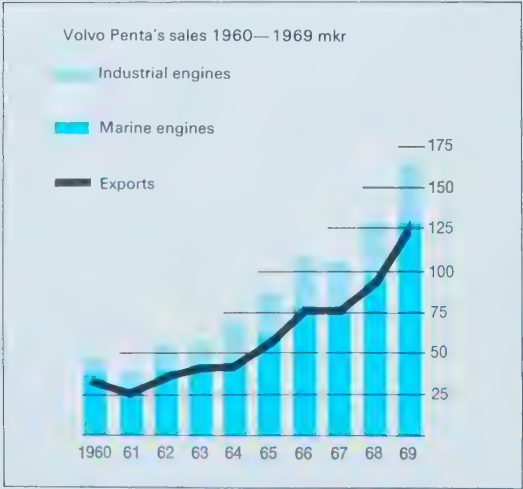
Development work was stepped up during the year and was largely concentrated to products already on the market. The engines were thus further developed to yield higher horsepower with less vibration. With the addition of a new marine test station, the company has benefited from considerably increased facilities for research and testing.

Volvo Penta has during a number of years shown a good growth, largely due to Aquamatic, the combined inboard engine/outboard drive which has proved an ideal product for the expanding market of leisure craft on world markets. The company's other products were also the subject of increased demand, which the production volume was not entirely able to satisfy.

Sales during 1969 amounted to 167 mkr — an increase over last year by 37 mkr or 29 %. Exports totaled 127 mkr representing 76 % of sales.¹¹⁾

The *Swedish market* showed higher sales in spite of severe credit restrictions that dampened demand. Reduced investments in engines by the Swedish fishing industry was compensated by an increased activity in other sectors of marine transport and the increased interest in engines for leisure craft.

The production of small craft in the neighbouring *Scandinavian countries* has expanded rapidly during the last few years and Volvo Penta was able to







The Swedish police force is intensifying its activity at sea. Fast, seaworthy powerboats with long cruising range make possible improved service to the public.

maintain its market share during 1969 through a 40 % increase in sales of marine engines.

An increase was also realized on the *European market* through higher sales primarily in England, France and Spain, while demand from Eastern Europe was lower than the previous year. *USA* proved its position as the largest export market of the company with sales increased by 50 % or 27 mkr.

On *other non-European markets* good results were achieved and Volvo Penta could deliver marine as well as industrial engines for fishing and irrigation purposes to several developing countries in Latin America, Asia and Africa. Sales to Japan doubled. The marketing effort in Australia was intensified and the marine division could already during 1969 realize an increased share of the market. A new subsidiary is being organized.

Sale of technical components by the Volvo Corporation was included in Volvo Penta's organization during the year as a natural complement to that company's sales of industrial engines.

AB Bolinder-Munktell

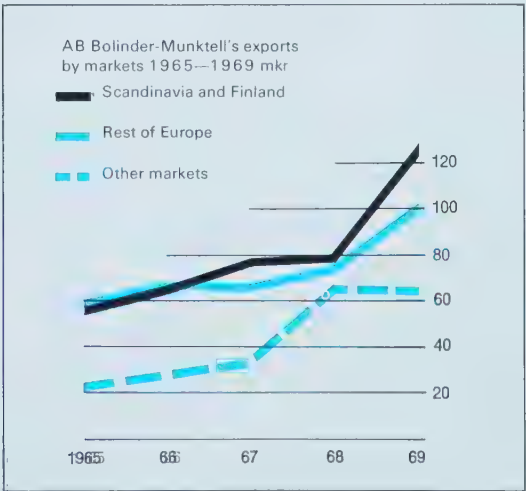
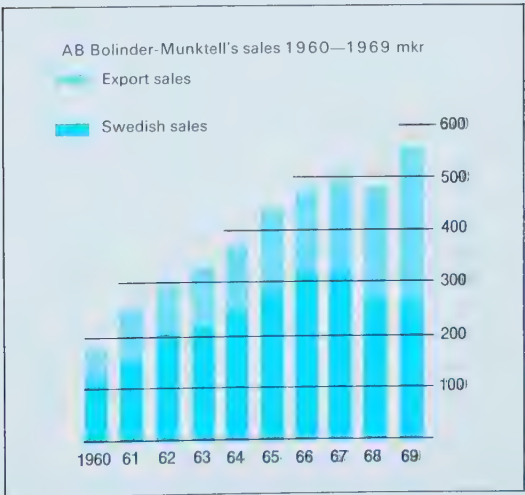
The improvement which took place during the year in economic conditions prevailing in Sweden and abroad resulted in a demand for B-M products which exceeded the capacity of production and of certain suppliers. The Parent Company's billing increased by 15 %. Export sales were responsible for the entire increase in sales. Export's share of total turnover was 53 % against 46 % 1968.¹²⁾

The program of product development entailed considerable investments during the year in all of B-M's product areas. A smaller self-propelled combine, three agricultural tractors and an excavator were introduced during the year. In addition, the loading machinery program was broadened to include larger models through the acquisition of ASJ's production.

The sales of the company's agricultural machines improved somewhat compared with the previous year. A total number of 9,853 tractors were registered in Sweden during 1969 against 10,761 in 1968. B-M's share of the market remained largely unchanged. The export of agricultural machinery increased in value by 14 %. The entire number of combines produced for the 1969 crop was sold. However, the billing of combines decreased by 5 % compared to 1968.

An agreement was reached at the end of the year with Aktiv-Fischer AB, Morgongåva, for B-M to take over the responsibility for sales in Scandinavia of Aktiv's combines, which will be marketed through the company's dealers.

As regards B-M's construction machinery, sales of loading equipment were particularly expansive, primarily exports. For some years B-M has been the





Demands made in the 1960's for safety and convenience for the operator of all types of machinery will become even more pronounced in the 1970's. Bolinder-Munktel has long had a research and development program aimed at improving the working conditions and the safety of the operator. Here the noise in the cab of a dumper is being analyzed.

largest manufacturer of loading machinery in Europe. Continued strong growth in the volume of these products is foreseen. A contributing factor is the broadening of the program achieved during the year through acquisition of ASJ's production of loading machinery. The manufacture of dumpers was also substantially increased through introduction on several export markets. An increase in sales of dumptrucks is foreseen.

The change in the economic climate which occurred in 1969 led to increased sales of forestry machinery, and demand for the new machine SM868 could not entirely be satisfied. The shortage of this model is expected to continue through 1970. So far sales have been concentrated to the Scandinavian countries. A growing export of forestry machinery is foreseen, as the method of cutting for which SM868 is constructed, is progressively introduced in other forest producing areas.

Production costs evolved unfavourably due to greatly increased prices of material and higher personnel turnover in the plants. Difficulties with the supply of materials caused some disturbances in the production-flow during the year.

To provide for the additional space required when the production of ASJ's loading machines will be moved from Arlöv to Arvika, an addition to the assembly hall at the Arvika plant is under construction. The foundry project undertaken at Arvika in 1968 was continued during 1969 according the plan.

This foundry is expected to be in production during the latter part of 1970 and will then replace the older foundries at Eskilstuna and Arvika. Several new highly productive machines were put into production at the tractor plant in Eskilstuna. Capital investments in Eskilstuna, Arvika and Hallsberg totaled 28.7 mkr of which the foundry at Arvika accounted for 17.6 mkr.

During the second half of the year the number of employees of all categories increased. Turnover per employee rose from Kr. 115,000 in 1968 to Kr. 125,000 in 1969.

Income before special allocations and taxes was 33.7 mkr in 1969, an increase of 10.7 mkr from 1968.

Foreign subsidiaries increased sales to a total of 220 mkr or by 12.2 %. Of this 52 % represented B-M products, 35 % Volvo products, 9 % Volvo Penta products and 4 % other products. During 1970 a new subsidiary was organized in Austria.



Flygmotor has so far devoted nearly four million man-hours to the development of the RM8 engine for Viggen. This engine, which represents the further development of a non-military engine, has a thrust of 12 tons with afterburner, compared to 6 tons for the original engine. When flying at high speed the thrust of 12 tons is equal to a propulsion effect in the range of 100,000 horsepower.

Svenska Flygmotor AB

The RM8 engine for "Viggen" has passed airworthiness tests and the running time in aircraft and testtrigs has reached about 8,000 hours. All prototype models have been delivered and towards the end of 1970 the first series produced engines will be ready for delivery. This production will be Flygmotor's main activity for many years.

The RM6 engine for "Draken" will be manufactured for another couple of years for the Swedish defence forces as well as for the Danish. The company has received new orders for jet engine parts from Rolls Royce, England. The work of overhauling jet engines for private airtransport companies has grown. Development work on the fluid rocket engine VR 35 was completed during the year, and a first order has been obtained. The manufacture of engine assemblies for the "S" tank and of steering mechanisms for Volvo cars continues as planned.

On behalf of the Swedish Armed Forces Ordnance Administration, research and development work has been carried out on turbojet, ramjet and rocket engines and this activity is expected to continue.

Renewed market research showed that the earlier planned production of turbo compressors could not be estimated as sufficiently profitable. This project was therefore canceled.

The production of hydraulic machinery, which so far has been carried out on a limited scale, will be increased. The practical experience of these machines is good. Development work continues and is primarily directed towards a larger assortment.

A new 4,500 square meter building has been put to use for surface and heat-treatment, and connected with this a special plant for the detoxication and cleaning of waste water. Several special machines were purchased, including one for electro-chemical processing and numerically controlled multi-operation machine tools.

During the year, the subsidiary Grafiska Maskin AB delivered three large offset presses for newspaper printing in Sweden. On January 1, 1970, AB NOHAB took over the graphic activity and will continue the manufacture and sale of web-offset presses and also be responsible for all servicing.

Operating income which was unsatisfactory in 1969 primarily due to the sale of the graphic sector, is expected to improve in 1970.

The plant at Olofström has a large number of modern machines. In addition to the more than 300 presses, there are many advanced special-purpose machine tools. This automatic welder is used for the front member in the 140-series.

Olofström AB

On March 7, 1969, AB Volvo acquired Olofström AB and thereby integrated its largest subcontractor with its own group of companies. This company, which was founded in 1887 but goes back to the beginning of the 18th century, has the oldest and largest plant in Scandinavia for pressing sheet-metal components, with head office and plants in Olofström and subsidiary plants in Mjällby and Konga. Since its inception in 1927 and up to the last few years Volvo bought its car bodies and most other pressed car components from Olofström. Today certain parts of the 140- and 164-bodies are pressed in the Torslanda plant but the capacity of Olofström is largely utilized by Volvo. The manufacture of dies for the Volvo Corporation as well as for outside customers is an important part of the activity at Olofström.

The number of employees at Olofström was 4,676 at yearend.

The integration of the new subsidiary into the Volvo Corporation was largely carried out during the year. As regards production and accounting, there already existed at the time of the acquisition a certain co-ordination in accordance with the agreement which regulated the co-operation between Olofström and Volvo, a co-ordination which is now successively being completed.

The acquisition of Olofström gives Volvo control of the production of most sheet-metal components used by the Corporation, and makes possible a more elastic adaptation to the continued expansion of Volvo of supply of such a key factor for production. The intention is to concentrate the production of sheet-metal components for cars to Olofström, transfer the production of truck parts to Umeå and the production of sheet-metal for Bolinder-Munktell to its plant in Hallsberg and to outside suppliers.

Volvo started its manufacture in 1927 by only assembling purchased components. As the next cornerstone in the foundation of Volvo's production, the majority of the share capital of the engine plant in Skövde was acquired in 1931 and of the transmission plant in Köping in 1942. The acquisition of Olofström means that the fourth cornerstone has now been put in place.

Volvo thus has a firm foundation for its production in the future.



Other Subsidiaries

Sweden

The function of *AB Volvator* is to manage Volvo's interests in the distribution organization in the Scandinavian countries, and, where this is needed, co-operate in the development of the dealer network on those markets.

During 1969 four dealerships were acquired and the company became a minority shareholder in one. Most of the companies in which Volvator has an interest had a successful year in 1969. That year was also a period of consolidation for the Volvator Group, to which a corporate allotment of 6.2 mkr from the Parent Company contributed. No distribution of dividends will as yet be made.

Försäkrings AB Volvia showed increased premium receipts and was, due to good results, able to reduce premiums for car damages by an average of 20 %. Compensation costs were about unchanged. To the insurance fund was added maximum loading for contingencies. 2.5 mkr were set aside to the equalization fund, which gives the company a greater ability to maintain its low level of premiums. After these allocations a net profit is shown, which permits the payments of dividends.

Abroad

The subsidiaries in *Denmark, Finland* and *Norway* could all show higher sales and improved results, which made possible increased dividends to the Parent Company for each of them.

It should be noted that these good results were obtained in sharp competition with the small cheap cars which by numbers dominate these three markets. In Norway sales got an extra stimulus through the introduction of the "value-added-tax" at the yearend 1969/70 and in Finland the growth of the car market must probably in part be attributed to the beneficial effects of the devaluation in 1968 which showed full results only in 1969.

For *Automobiles Volvo S.A.* in Switzerland the number of deliveries increased for cars as well for commercial vehicles and the net income rose. An unchanged dividend is proposed.

Volvonía S. A., Geneva, whose primary objective is to finance the trade in



DEUTSCHE BANK



Volvo products for importers and distributors in Switzerland as well as in neighbouring markets, showed larger sales and improved profitability.

Volvo Europa N.V. in Ghent, the manufacturing subsidiary within the tariff wall of the Common Market, delivered in 1969 17,047 cars and 1,774 commercial vehicles, or 2 % and 15 % respectively more than in 1968. The number of employees increased during the year by 104 and was 796 at yearend. A considerable expansion of the manufacturing capacity was decided on in January this year and is expected to start this spring after the required permits have been obtained from Swedish and Belgian authorities. In West Germany *Volvo GmbH* showed a marked increase in sales and a considerable improvement in profitability. The dividend to the Parent Company was increased.

In the *United States*, however, sales stopped at 583 mkr compared to 642 mkr in 1968. This decrease is largely attributable to the drawn-out longshoremen's strikes which occurred in the winter on the East Coast. During that time Volvo could not ship any cars to the eastern states, which have long constituted the largest market for Volvo. The net income was also negatively affected by the lower sales. It is proposed that dividends be limited to the ordinary dividend paid during previous years.

The sales of *Volvo (Canada) Ltd.* increased somewhat due to export to the United States. A strike of over month's duration at the plant in Halifax resulted in a loss of production that could not be replaced by shipments from Sweden. The results were less favorable and a reduced dividend is recommended.

Activity increased in *Latin America*. A newly formed wholly-owned subsidiary under Swedish management in Argentina has shown good results in taking over the sale of parts and such vehicles as may still be imported. The activity of the Peruvian subsidiary continued to be strongly limited by the tight economic conditions in Peru, but a positive result after certain assistance from the Parent Company permitted full coverage of earlier devaluation losses. In Mexico the market is now covered by a subsidiary.

Capital requirements and dividend policy

In view of the magnitude of Volvo's operations and the plans for continued expansion during the 70's, the Board proposed at the 1969 Annual Meeting to allocate 114 mkr from retained earnings to be used in the future for an increase of the capital by means of a stock dividend. The Annual Meeting approved this recommendation, which also meant that a formal decision regarding the stock dividend was not taken in anticipation of expected new legislation covering share certificates, etc.

No such legislation has yet been prepared and its enactment may well be further delayed. The Board has therefore decided to recommend to this year's Annual Meeting a transfer of retained earnings to share capital means of a stock dividend of one new Series B share for two A or B shares. This stock dividend will utilize the 114 mkr allocated earlier as well as the 57 mkr from the 1969 net income. The total amount of the issue will therefore be 171 mkr.

Through the proposed stock dividend 171 mkr of the Corporation's retained earnings will be transferred to the share capital and thereby be retained in the business on a permanent basis.

The financial resources of the Corporation have been strengthened during the last few years. Good profits in the Parent Company as well as in most subsidiaries have been of primary importance to this development. A contributing factor has furthermore been the dividend policy of the Parent Company. Since the inception of Volvo, the distribution of income has primarily been dictated by an effort to strengthen the self-financing capacity of the Corporation. During the past 5-year period 65 % of the net income has thus been retained in the business.

The capital investment plans of the Corporation, including the 140 mkr payment for Olofström, will make such a demand on financial resources that Volvo is preparing a bond or debenture issue to be floated in Sweden during the next few years.

Proposed distribution of net income

After allocation to the supplementary legal reserve of Kr 18,000,000 and dividend payments of Kr. 37,620,000, authorized by the 1969 Annual Meeting,
(thousands of Kr.)

remained income carried forward	24,848
allocation for future stock dividend	<u>114,000</u>
	138,848
Added: net income for the year	<u>120,063</u>
At the disposal of the Annual Meeting	258,911

The Board and the President recommend that the above amount be distributed as follows:

To the supplementary legal reserve	18,000
To the shareholders dividend of Kr. 6:—	
per share against Coupon No. 35	41,040
For stock dividend	171,000
Net income carried forward	<u>28,871</u>
	<u>Total 258,911</u>

The proposed dividend represents 8 % on the share capital increased by the stock dividend.

The attached Balance Sheet shows the financial position based on approval by the Annual Meeting of the recommendation made by the Board and the President covering distribution of income as far as allocation to the supplementary legal reserve and dividend are concerned.

The result of the Corporation's activities during the year 1969 and its position at the end of the same year is shown in the attached Income Statement and Balance Sheet with comments.

Gothenburg in Mars 1970

H HALLSTRÖM	G ENGELLAU	F HARTMANN	EBBE SVENSSON	ULF AF TROLLE
PER CARLSSON	TORE BROWALDH	LEIF MAGNUS		

Auditors' Report

In our capacity as duly appointed auditors of Aktiebolaget Volvo we hereby submit our report for the year 1969.

We have examined the Annual Report, have studied the statements and accounts, the minutes and other documents which give information about the financial position and results and administration of the Company, and have carried out such other auditing procedures as we have considered necessary.

A detailed verification of the accounts has been made by persons specially appointed for this purpose.

The legal requirements covering the accounting of shareholdings and of consolidation of statements have been complied with.

Nothing has arisen during our examination which would have warranted any criticism with regard to statements or documents, the Company's accounting procedure, the inventory of assets or the administration in general.

The distribution of net income recommended by the Board and the President is not in conflict with the provision of the law covering transfers to reserves, nor with sound business practice.

We recommend

that the Balance Sheet as of December 31, 1969 included in the Annual Report and signed by us, be approved,

that the members of the Board and the President be discharged from all personal liability for their administration during the period covered by the Annual Report, and that the proposed distribution of net income be approved.

Göteborg, March 25, 1970.

LARS ELVSTAD
Certified Public Accountant

GÖSTA JACOBSSON
Certified Public Accountant

The Volvo Corporation 1965—1969

(in millions of Kr)

Results — Consolidated	1965	1966	1967	1968	1969
Sales	2,793	3,045	3,410	3,865	4,400
Income before allocations and taxes	241	222	318	472	553
in % of sales	8.6	7.3	9.3	12.2	12.6
Allocations	76	84	120	175	220
Taxes	84	72	107	167	166
Minority interests in net income	2	2	1	0	0
Net income	80	65	90	131	168

Source and Application of Funds — Consolidated	1965	1966	1967	1968	1969
Net income	80	65	90	131	168
add non-cash charges:					
depreciation, etc.	79	102	95	87	125
allocation to inventory reserves	58	41	5	22	57
allocation to investment funds	37	26	112	167	174
providing a cash generation from operations of	254	234	302	407	524
Less dividends paid	14	18	24	31	37
Resulting in net cash generation of	240	216	278	376	487
less increases in inventories and accounts receivables	205	225	63	68	499
increases in current liabilities have added	93	94	114	179	436
Resulting in a net addition in cash of	128	85	329	487	424
Long-term liabilities have been increased (decreased) by	(1)	29	29	18	57
A new issue of shares has added	—	68	—	—	—
Providing funds for investments of	127	182	358	505	481

Investments have amounted to:

in real estate, plant and equipment					
— partly through acquisitions	172	181	181	162	407
in shares of non-affiliated companies	23	3	4	3	5
in increases (decreases) in blocked investment account					
with Sveriges Riksbank	4	9	(13)	22	(2)
Total investments	199	193	172	187	410
Liquid assets have increased (decreased) by	(72)	(11)	186	318	71
The rate of self-financing can be expressed as:					

$$\frac{\text{net cash generation}}{\text{total investments}} \times 100 = \begin{array}{ccccc} 121 \% & 112 \% & 162 \% & 201 \% & 119 \% \end{array}$$

If the acquisition of Olofström AB is disregarded to make 1969 comparable with previous years, the rate of self-financing would have been 210 %.

Consolidated Balance Sheet as of December 31, 1969

(in millions of Kr)

Assets	1969	Change from previous year
<i>Current Assets</i>		
Cash and banks	88.7	— 63.2
Loans and investments	893.8	+ 133.7
Accounts receivable (note 1)	928.7	+ 245.2
Inventories (note 2)	<u>1,204.2</u>	+ 253.7
	3,115.4	
<i>Blocked investment account with Sveriges Riksbank</i>	35.6	— 2.4
<i>Fixed assets</i>		
Shares and participations	15.6	— 8.6
Real estate, plant and equipment (note 3)	<u>1,095.3</u>	+ 260.5
<i>Total assets</i>	<u>4,261.9</u>	+ 818.9
<i>Liabilities and Shareholders' Equity</i>		
<i>Current liabilities</i>		
Suppliers	441.4	+ 96.1
Advance payments from customers	294.8	+ 80.9
Due to banks	148.4	+ 53.5
Parent Company's dividend for 1969	41.0	+ 3.4
Other current liabilities (note 4)	<u>819.2</u>	+ 205.8
	1,744.8	
<i>Long-term liabilities</i>		
Own-note and mortgage loans	150.8	+ 21.0
Bond issues outstanding	44.2	— 8.6
Pension liabilities	<u>160.0</u>	+ 34.5
	355.0	
<i>Special allocations</i>		
General inventory reserve (note 5)	549.8	+ 49.6
Inventory investment account	19.5	—
Investment funds	414.1	+ 119.7
Accumulated extra depreciations	<u>345.5</u>	+ 42.0
	1,328.9	
<i>Minority equity</i>	0.1	
<i>Shareholders' equity</i>		
Common stock	342.0	—
Legal reserves	224.5	+ 31.6
Net income retained	<u>266.6</u>	+ 89.4
<i>Total shareholders' equity</i>	<u>833.1</u>	+ 121.0
<i>Total liabilities and shareholders' equity</i>	<u>4,261.9</u>	+ 818.9
<i>Pledged assets</i>	704.8	+ 236.9
<i>Guarantees</i>	136.2	+ 42.6

Consolidated Income Statement

(in millions of Kč)

	1969	Change from previous year
<i>Sales</i>	4,400.2	+ 535.4
<i>Cost of sales, selling and administrative expense</i> (of which 124.3 mkr depreciation according to plan) (note 7)	<u>3,912.9</u>	<u>+ 474.8</u>
<i>Operating income</i>	487.3	+ 60.6
 <i>Miscellaneous income</i>		
Interest earned	111.7	+ 36.9
Others (note 8)	<u>21.0</u>	<u>+ 12.8</u>
	620.0	+ 110.3
 <i>Miscellaneous expense</i>		
Interest paid	55.8	+ 24.0
Others	<u>10.8</u>	<u>+ 5.3</u>
<i>Income before special allocations and taxes</i>	553.4	+ 81.0
 <i>Special allocations</i>		
Allocations to general inventory reserve (note 5)	57.5	+ 35.1
Reintegration of extra depreciation (note 7)	22.7	+ 6.7
Allocation to investment funds	174.3	+ 7.6
Writing-down of shares	<u>10.7</u>	<u>+ 9.1</u>
<i>Income before taxes</i>	333.6	+ 35.9
 <i>Taxes</i>	<u>166.1</u>	<u>1.0</u>
 <i>Net income</i>	<u>167.5</u>	<u>+ 36.9</u>

Comments on the consolidated financial statements

The consolidated financial statements of the Corporation, pages 42—43, as well as the review of corporate operations are part of Volvo's Annual Report.

The consolidated statements of the Corporation are based on financial statements as of December 31, 1969 from all subsidiaries, i.e. companies in which Volvo holds more than 50 % of the share capital.

The conversion of the statements of the foreign subsidiaries was made at exchange rates prevailing at the year-end, with the exception of fixed assets. These were converted at rates that did not exceed the average rates prevailing during the year of their procurement.

The Swedish companies continue to have a dominating influence on the consolidated balance sheet as well as the income statement. Swedish law, primarily tax law, has thereby put its mark on the consolidated statements. This would seem to justify a brief review of some special features of this legislation.

In accordance with good business practice, the Swedish manufacturing companies of the Corporation in their internal cost accounting use depreciation based on estimated current replacement costs and economic lives of the assets. As the law accepts only historical costs, so-called "depreciation for accounting purposes" is used in the published accounts in place of depreciation calculated along the lines stated above. The same rates of depreciation are generally used for accounting purposes as for those calculated for internal use. Buildings are thus usually depreciated at a rate of 3—4 %, while most machinery is written down at a rate of 10—15 %, in both cases based on original cost without consideration to any possible depreciation directly against investment funds (see below). The tax law permits full depreciation over a 5-year period of all machinery and equipment.

Swedish corporations may set aside pre-tax income to investment funds. Such allocations are conditioned upon a simultaneous deposit of 46 % to a non-interest bearing account with the Central Bank of Sweden, Sveriges Riksbank. After special permission of the authorities, an investment fund can be used for the direct depreciation of plant and machinery. If permission is obtained, the corresponding deposit may also be withdrawn. Such a direct depreciation prolongs the extra consolidation implied by the earlier allocations, but only during an interim period, since during coming years depreciation for tax purposes may only be

based on the book value remaining after the direct depreciation made against the investment fund.

This consolidation, as well as extra depreciation regularly taken during earlier years when this was possible from a tax point of view, is shown in the balance sheet under "special allocations." The large depreciations made during the last few years directly against the investment fund have limited the scope for tax-deductible depreciation to the point where full depreciation, from an accounting point of view, has not been feasible. The difference has been reintegrated in the income statement under the heading "Special Allocations."

Swedish tax law gives further opportunities for tax-free consolidation. After deducting reserve for non-current items the entire inventory can be written down by 60%. In the Volvo Corporation this provision is also shown under "Special Allocations" as an allocation to general inventory reserves. In the balance sheet the accumulated amount of such provisions for the current and previous years is carried under "Special Allocations."

Balance Sheet

1. ACCOUNTS RECEIVABLE

Of accounts receivable at the year-end, about 330 mkr were in foreign currencies.

A smaller part of these receivables, as well as certain loans and investments, are not due within one year, but could to a considerable degree be refinanced by banks in case of need.

2. INVENTORIES

The inventories are carried at the lower of cost or market and can be broken down as follows (in millions of Kr).

	1969	1968
Finished goods	580	461
Materials and supplies	682	541
Total	1,262	1,002
Less: reserve for non-current items	58	51
Net book value	1,204	951

The merger with Olofström AB inflated most items in the balance sheet. Inventories rose for this reason by 57 mkr. The increase in the value of vehicles on hand at some of the foreign subsidiaries was about of the same order of magnitude. This strong increase was due to a concentration of larger deliveries towards the end of December, which it was not possible to pass on to the dealers.

3. FIXED ASSETS

After investments of 247 mkr during 1969, the real estate, plant and equipment were carried on the books in the following amounts:

	Cost	Accumulated depreciation	Net book value
Land and buildings	871	201	670
Machinery and equipment .	1,070	747	323
Work in progress	102	—	102
Total	2,043	948	1,095

Insurance values at year-end totaled 2,832 mkr., of which buildings represented 894 mkr and machinery, etc. 1,938 mkr.

4. OTHER SHORT-TERM LIABILITIES

Other short-term liabilities and provisions included, apart from the Parent Company's provision of 93 mkr for PV-guarantee, 60 mkr in provisions for factory warranties. Taxes payable at year-end totaled 77 mkr.

5. GENERAL INVENTORY RESERVE

After an allocation of 57 mkr the general inventory reserve totaled 550 mkr., representing 46 % of the book value after deduction for non-current items.

The changes which took place in the composition of the Corporation in 1969 caused a net decrease of the general inventory reserve of 8 mkr.

6. RETAINED INCOME

Changes in 1969 are shown below (in mkr):

Remained at the beginning of the year		177.2
Less: writing-down of shares	2.0	
stock dividends, etc.	8.1	10.1
		167.1
Net income for 1969		167.5
		334.6
Less: to legal reserves	24.5	
Parent Company's dividend for 1969	41.0	
dividend to previous owners	2.5	68.0
Net income at year-end		266.6

It should be noted that some of the income available to the Corporation will be taxed when remitted to Sweden. Such transfer of income from abroad may also be limited by exchange regulations.

Income Statement

7. DEPRECIATION

The Swedish manufacturing companies of the Corporation apply uniform standards for the depreciation of fixed assets, as explained earlier. The overseas sales companies depreciate to the extent allowed by local tax regulations. Depreciation by manufacturing subsidiaries, as calculated for internal cost-accounting purposes, totaled 161 mkr in 1969, but only 111 mkr as calculated for public accounting purposes.

Direct depreciation of property by means of investment funds amounted to 65 mkr in 1969, which increased the accumulated value of such depreciation to 359 mkr. The room for tax-deductible depreciations was thereby limited, which necessitated a reintegration into the income statement of 23 mkr of depreciation included in cost of sales.

8. MISCELLANEOUS INCOME

Included in "Others" is capital gain on shares sold during 1969 of 11.6 mkr.

Balance Sheet of AB Volvo as of December 31, 1969

(in millions of Kr.)

Assets	1969	Change from previous year
<i>Current assets</i>		
Cash and banks	45.7	— 23.2
Loans and investments	653.9	+ 12.9
Accounts receivable, subsidiaries (note 1)	193.7	+ 81.5
Other accounts receivable (note 1)	337.7	+ 96.9
Inventories (note 2)	<u>536.6</u>	+ 66.3
<i>Blocked investment account with Sveriges Riksbank</i>	29.7	— 6.1
<i>Fixed assets</i>		
Long-term loans, subsidiaries	14.1	+ 0.2
Shares and participations (note 3)	280.6	+ 153.9
Real estate, plant and equipment (note 4)	<u>638.8</u>	+ 67.2
<i>Total assets</i>	<u>2,730.8</u>	+ 449.6
<i>Liabilities and shareholders' equity</i>		
<i>Current liabilities</i>		
Suppliers	306.1	+ 41.0
Advance payments from customers	23.5	— 21.2
Subsidiaries	14.1	— 0.7
Other current liabilities and provisions (note 5)	<u>566.6</u>	+ 167.4
<i>Long-term liabilities</i>		
Subsidiaries	0.1	— 0.4
Own-note and mortgage loans	42.5	+ 8.6
Bond issue outstanding	33.0	— 7.9
Pension liabilities (note 6)	<u>85.4</u>	+ 12.7
<i>Special allocations</i>		
General inventory reserve (note 2)	314.9	+ 37.9
Inventory investment account	15.0	—
Investment fund (note 7)	361.1	+ 110.3
Accumulated extra depreciation (note 10)	301.1	+ 22.8
<i>Shareholders' equity</i>		
Common stock (note 8)	342.0	—
Legal reserve	68.4	
Supplementary legal reserve	57.1	+ 18.0
Allocated to stock dividend	114.0	+ 114.0
Net income retained	<u>85.9</u>	— 52.9
<i>Total shareholders' equity</i>	<u>667.4</u>	+ 79.1
<i>Total liabilities and shareholders' equity</i>	<u>2,730.8</u>	+ 449.6
Pledged assets (note 9)	204.4	+ 130.0
Guarantees (note 9)	200.5	+ 50.7

AB Volvo — Income Statement

(in millions of Kr)

	1969	Change from previous year
<i>Sales</i>	2,968.5	+ 460.9
<i>Cost of sales, selling and administrative expense</i> (of which depreciation according to plan 68.9 mkr)		
(note 10)	<u>2,604.4</u>	<u>+ 431.8</u>
<i>Operating income</i>	364.1	+ 29.1
 <i>Miscellaneous income</i>		
Dividends (note 12)	19.0	+ 0.2
Interest earned (note 12)	72.0	+ 20.1
Others (note 3)	<u>12.5</u>	<u>+ 11.4</u>
	467.6	+ 60.8
 <i>Miscellaneous costs</i>		
Interest paid (note 13)	21.5	+ 13.7
Others (note 14)	<u>4.6</u>	<u>+ 4.4</u>
<i>Income before allocations and taxes</i>	441.5	+ 42.7
 <i>Special allocations</i>		
Allocation to general inventory reserve (note 2) . . .	40.4	+ 30.7
Adjustment of pricing from subsidiaries (note 15) . .	24.2	+ 24.2
Reintegration of extra depreciation (note 10)	16.9	+ 2.5
Allocation to investment fund	150.0	— 6.0
Group contribution (note 15)	6.2	+ 1.4
Allocation to general reserve shares (note 3)	<u>11.0</u>	<u>+ 3.0</u>
<i>Income before taxes</i>	226.6	— 8.1
 <i>Taxes</i>	<u>106.5</u>	<u>— 11.5</u>
<i>Net income</i>	<u>120.1</u>	<u>+ 3.4</u>

Comments — Financial Statements of the Parent Company

The trailer business which was carried on in the name of Parator, but in commission for AB Volvo, was sold during 1969. As a result, the statements for 1968 and 1969 are not completely comparable. For example, the general inventory reserve was reduced by 2.5 mkr.

Balance Sheet

1. ACCOUNTS RECEIVABLE, SUBSIDIARIES AND OTHERS

Of the gross amount of accounts receivable, 554.9 mkr, about 373 mkr represented dues from foreign subsidiaries and customers.

The reserve for bad debts, which at the end of the fiscal year totaled 23.5 mkr, was increased by 5.7 mkr representing receivables considered doubtful, but was at the same time reduced by 7.1 mkr representing recovery of receivables previously written down.

2. INVENTORIES

Inventories, as specified in the table below, were evaluated in accordance with traditionally conservative principles. The gross value of the inventory was carried at the lowest of cost or market at year-end. Sufficient reserves were set aside in accordance with previously used standards to cover non-current items.

	1969	1968
Vehicles ready for delivery	98.0	95.0
Other sales products	137.7	108.3
Production materials	332.0	294.8
Total	567.7	498.1
Deduct reserve for non-current items	31.2	27.8
Balance sheet value	536.6	470.3

The growth of the inventory of production materials was due to the higher production volume, the somewhat larger buffer stock required by the increase in the number of models as well as by an improved ability to make faster deliveries.

The general inventory reserve, carried on the liability side of the balance sheet under the heading "Special allocations," was increased by 40.4 mkr during 1969 and amounted at year-end to 60 % of the gross value of the inventory after deduction of the reserve for non-current items.

3. SHARES AND PARTICIPATIONS

During 1969 the book value of the Company's portfolio of shares rose by 163.9 mkr. Olofström AB was bought from Alfa-Laval at a price of 140.0 mkr. As earlier mentioned, the trailer business was merged with AB ASJ-Forss into a new company, AB Forss-Parator. In exchange for the shares of AB Parator, a real-estate company, and the trailer-division's net assets, Volvo received 25 % of the shares in AB Forss-Parator.

On January 2, 1969, the shares in SMT Machine Company AB were sold to Försvarets Fabriksverk. This resulted in a capital gain of 11.6 mkr shown in the Income Statement under "Miscellaneous income — Others."

Higher sales volume and larger investments in distribution networks warranted increases in the capital of several of the subsidiaries. In AB Volvator the capital was increased by 10 mkr, in Volvo GmbH by 5 million Dm, and in Oy Volvo-Auto Ab by 2.25 million Fmk. Volvo further became a shareholder in the Paris subsidiary of Bolinder-Munktel by taking up a 4.5 million FF capital increase.

The capital was increased in several subsidiaries through stock dividends without any change in the total values at which the shares are carried on Volvo's books.

<i>Subsidiaries</i>	Nom. value (1000)	Book value (thousands of Kr.)
Manufacturing companies:		
AB Bolinder-Munktel, Eskilstuna	Kr 70.000	41.000
Olofström AB, Olofström	Kr 20.000	140.000
Svenska Flygmotor AB, Trollhättan	Kr 36.000	18,813
Volvo Europa N.V., Ghent	Bfrs 100.000	7.802
Volvo (Canada) Ltd, Toronto	Can. \$ 200	960
Volvo del Peru, S.A., Lima	S/. 7.200	—
Sales Companies:		
Canvol AB, Göteborg	Kr 5	5
Norsk Volvo A/S, Oslo	Nkr 2,500	720
Volvo Bil A/S, Copenhagen	Dkr 5,000	3,745
Oy Volvo-Auto Ab, Helsinki	FM 6,000	3,424
Volvo GmbH, Dietzenbach	DM 10,000	12,896
Automobiles Volvo S.A., Lyss	Sfrs 5,000	5,995
Volvo Continental S.A., Ghent	Bfrs 2,000	207
Volvo Inc., Rockleigh, N.J.	US \$ 800	3,774
Volvo Distribuidora S. A., Lima	S/. 14,000	—
Volvo Amazonas S.A., Iquitos	S/. 770	—
Volvo Sudamericana S.A. C.I.,		
Buenos Aires	Pesos 25,000	—
Volvo Far East S.D.N.B.H.D.,		
Kuala Lumpur	Mal. \$ 50	—

Volvo Penta Italia S.R.L., Milan	Lir.	900	—
Volvo-Bolinders S.A., Paris	FF	4,500	4,698

Other subsidiaries:

Försäkrings-AB Volvia, Göteborg	Kr	2,000	1,500
AB Volvator, Göteborg	Kr	35,000	35,000
Volvonía S.A., Geneva	Sfrs	1,000	1,196
Fastighets-AB Volvo-City, Göteborg	Kr	500	500
AB Vulcanverken, Göteborg	Kr	200	200
Volvest AB, Stockholm	Kr	50	50
Misc. inactive companies	Kr	55	55
Subsidiaries:			282,540

Other companies

AB Volvofinans, Göteborg	Kr	1,500	1,500
AB Volvokonsult, Göteborg	Kr	200	200
AB Bahco, Stockholm	Kr	12,468	12,468
AB Forss-Parator	Kr	3,000	3,000
Fides A/S, Oslo	Nkr	500	360
Zamyad Co. Ltd., Teheran	Rials	30,000	—
Swedish Motor Assemblies S.D.N. B.H.D.			
Selangor	Mal. S	875	—
Adela Investment Co. S.A., Luxemburg	USS	100	514
Diverse			—
Total			300,582
Less general reserve			20,000
Net book value			280,582

During 1969 the book value of shares and participations was written down by 1.0 mkr against a general reserve previously established for this purpose. A further 11.0 mkr was added to this reserve, which therefore totaled 20.0 mkr at year-end. This allocation is shown in the Income Statement under "Special allocations."

4. REAL ESTATE, PLANT AND EQUIPMENT

Break-down at year-end (in millions of Kr)

	Cost	Book value	Insurance value
Land	34.7	34.7	—
Land improvement	44.8	43.6	—
Buildings	408.2	321.4	451.2
Machinery, etc.	591.2	165.3	1,050.2
	73.8	73.8	23.9
Total	1,152.7	638.8	1,525.3

At year-end the tax assessment value of land and land improvement was 25.9 mkr and of buildings 361.4 mkr, of which 65.4 mkr covered machinery. Real estate of a total value of 27.5 mkr had not yet been assessed.

During 1969 a total of 142.6 mkr was invested in real estate, plant, and equipment, of which 15.3 mkr in land, 9.9 mkr in land improvement, 50.5 mkr in buildings and 66.9 mkr in machinery, etc.

Due to new tax regulations covering depreciation, a re-arrangement has been made during 1969 of these assets. From "Land and arrangements on land," "Land improvement" has been broken out. In addition, assets to a value of 5 mkr have been transferred to the category "Machinery, etc."

5. OTHER CURRENT LIABILITIES AND PROVISIONS

This may be broken down as follows (in mkr):

	1969	1968
Taxes payable	51.3	80.8
Recommended dividend	41.0	37.6
Other liabilities	303.7	142.2
PV-guaranty	93.1	91.8
Sundry provisions	77.4	46.8
Total	566.6	399.2

Other liabilities included salaries due, taxes withheld, excise tax on motor vehicles, and the purchase-sum of Olofström AB, 140 mkr.

The allocation to the PV-guaranty can, up to an amount of about 51 mkr, be regarded as a long-term debt. Among sundry provisions were provisions for factory warranties and for book-profits on inventories of Volvo products with foreign subsidiaries.

6. PENSION LIABILITIES

Liabilities for pensions shown in the accounts represent the present value of pension debt calculated on an actuarial basis. Of the amount shown at year-end, 59.3 mkr represented contractual pension commitments within the framework of the PRI-system.

7. INVESTMENT FUND

39.7 mkr was taken during the year from the investment fund for direct depreciation of fixed assets. From the year's

income 150.0 mkr were transferred to the investment fund.

Authorizations already received for utilization of the investment fund will permit, under present investment plans, further direct depreciation during the next few years of altogether 290 mkr, provided an additional 35 mkr is set aside to the Company's investment fund.

8. COMMON STOCK

The common stock of the company, 342 mkr, is divided between 4,560,000 A-shares and 2,280,000 B-shares, all with a par value of Kr. 50:—.

Each of the B-shares has the right to a tenth-of-a-vote, but in all other respects these are equal to the A-shares.

The number of shareholders amounted to about 61,500 during 1969. See table No. 16, page 55.

9. PLEDGED ASSETS AND GUARANTIES

Assets pledged (in mkr):

Real estate mortgages	37.3
Chattel mortgages	3.0
Shares in subsidiaries	158.8
Others	5.3
Total	204.4
	(1968 = 74.4)

Guaranties (in mkr):

Repurchase guaranties	42.9
Others	157.6
Total	200.5
	(1968 = 149.8)

Income Statement

10. DEPRECIATION

Depreciation applicable to 1969 and depreciation accumulated at year end can be broken down as follows (in mkr):

	1969	Accumulated depreciation	
		Total	Of which extra
Land improvement	0.3	34.7	33.5
Buildings	7.9	259.5	172.7
Machinery, etc.	43.8	502.7	76.9
Work in progress		18.0	18.0
Total	52.0	814.9	301.1

Depreciation against the investment fund in 1969 totaled 0.3 mkr for land improvement, 13.9 mkr for buildings, 7.5 mkr for machinery and 18.0 mkr for work in progress, or 39.7 mkr in total, which brought the accumulated value of such direct depreciation to 300.0 mkr.

Depreciation computed for accounting purposes amounted to 68.9 mkr in 1969, while tax-deductible depreciation was limited to the 52.0 mkr shown in the above table. 16.9 mkr had thus to be reintegrated in the Income Statement. The sizeable write-offs made during the last few years against the investment fund have reduced the scope for tax-deductible depreciations.

Depreciation for internal cost accounting purposes totaled 100.9 mkr.

11. GENERAL ADMINISTRATION EXPENSE

The Company's sales and administrative expense include general administrative expense of 8.0 mkr, calculated in accordance with previously used methods.

12. DIVIDENDS AND INTEREST EARNED

	1969	1968
Dividends (in mkr):		
Subsidiaries	18.0	17.9
Others	1.0	0.9
Total	19.0	18.8
Interest earned (in mkr):		
Subsidiaries	8.5	6.3
Others	63.5	45.6
Total	72.0	51.9

13. INTEREST PAID (in mkr):

	1969	1968
Subsidiaries	0.1	0.8
Others	21.4	7.0
Total	21.5	7.8

14. OTHER COSTS

Included in 1969 was the cost of the proposed stock dividend, 4.5 mkr.

15. SPECIAL ALLOCATIONS

During 1969 Olofström AB has priced its deliveries to the Volvo Corporation in accordance with an earlier agreement.

Compared to the current method of pricing internal sales between manufacturing companies, the pricing used by Olofström AB provided an extra profit of 24.2 mkr which Olofström AB used for further consolidation including transfer to reserve for inventory. For this reason the amount is carried by the Parent Company under “Special allocations”.

A group allocation was made to AB Volvator to permit increased consolidation by allocation to Volvator’s general inventory reserve.

Other allocations have already been commented on.

16. NUMBER EMPLOYED AND WAGES AND SALARIES

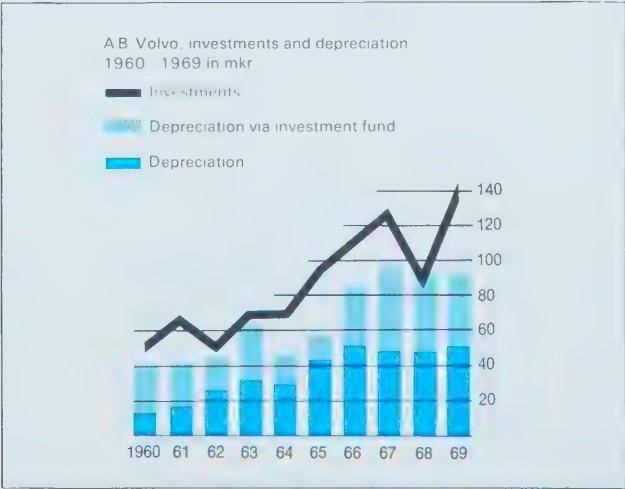
Wages, salaries and other remuneration amounted to 462.5 mkr for the year, of which 7.5 mkr to the Board and Management, 177.9 mkr to salaried staff and 277.1 mkr to hourly paid employees.

The average number employed was:

	1969	1968
Salaried staff	5,171	4,472
Hourly paid employees	12,136	10,027
Total	17,307	14,499

The cost of various fringe benefits provided for by law or by contract, such as pension rights, paid vacations, etc. amounted to large sums during 1969, as specified below (in mkr):

Vacation and holiday wages and salaries (included in the above total amount)	49.6
Pensions	48.4
Group insurance	14.8
Total	112.8
	(1968 = 88.5)



Tables and diagrams

1. Sweden's "Vehicle Balance": See also diagram below.
(Exports and imports of motor vehicles and parts, mkr)

Year	Import	Export	Difference
1967	1,334	1,666	+ 332
1968	1,430	1,866	+ 436
1969	1,766	2,267	+ 501

2. The Automotive Industry's Share of Swedish Exports
(mkr)

Year	Export Vehicles and Parts	Sweden's total export	Auto ind. share of exports
1967	1,666	23,422	7.1%
1968	1,866	25,542	7.3%
1969	2,267	29,426	7.7%

3. The Volvo Corporation's Share of Swedish Exports (mkr)

Year	Volvo Corps. Exports*	Swedish Exports	Share
1967	1,510	23,422	6.4%
1968	1,714	25,542	6.7%
1969	2,071	29,426	7.0%

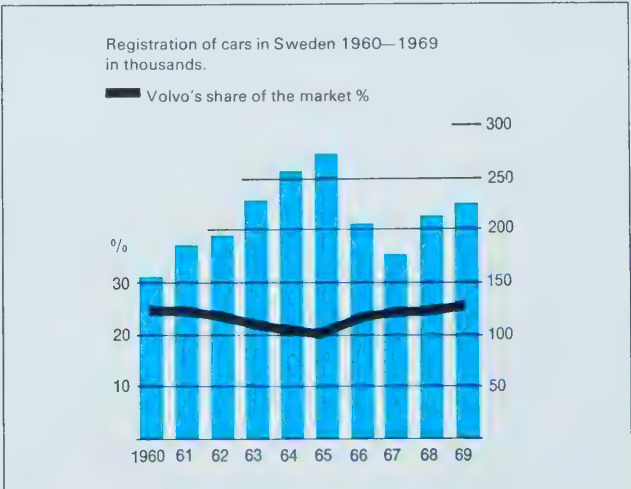
* Including other products than vehicles

4. The Volvo Corporation's Exports (mkr)

	1969	1968	+
Scandinavia and Finland . .	581	411	+ 41.3
Rest of Europe	618	499	+ 23.9
North America	550	549	+ 0.1
Other markets	322	255	+ 26.1
Total	2,071	1,714	+ 20.8
of which			
EFTA	874	654	+ 33.6
EEC	255	196	+ 30.1

5. World Production of Cars (millions of vehicles)

	1969	1968
Entire world	23.0	21.7
of which		
North America	9.2	9.7
of which		
USA	8.2	8.8
Canada	1.0	0.9
Western Europe	9.5	8.7
of which		
Sweden	0.2	0.2
Great Britain	1.7	1.8
France	2.2	1.8
Italy	1.5	1.5
West Germany	3.3	2.9
Japan	2.6	2.1



6. World Production of Commercial Vehicles (trucks and buses, millions of vehicles)

	1969	1968
Entire world	6.50	6.30
of which		
North America	2.27	2.23
of which		
USA	1.96	1.95
Canada	0.31	0.28
Western Europe	1.30	1.15
of which		
Sweden	0.03	0.02
Great Britain	0.47	0.41
France	0.29	0.24
Italy	0.12	0.12
West Germany	0.29	0.25
Japan	2.06	2.03

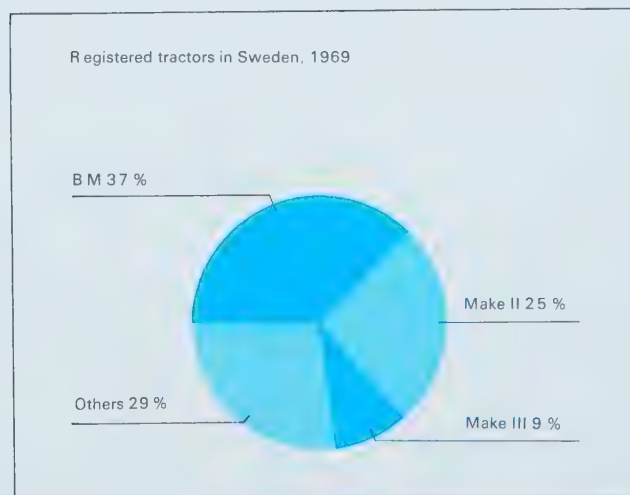
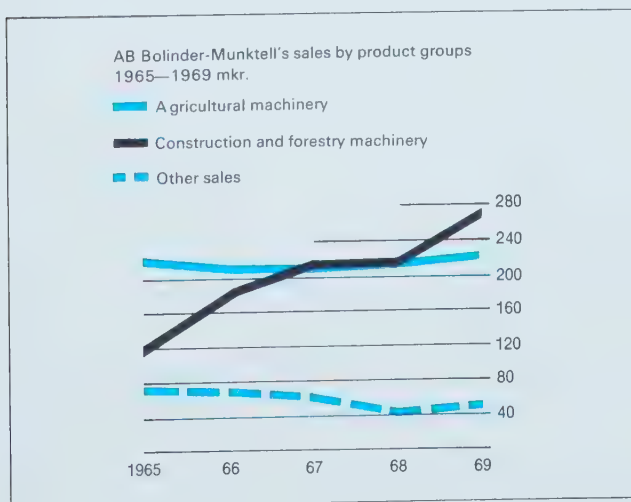
7. Vehicle Production in Sweden (number of vehicles)

	1969	1968
Cars	242,887 — 100%	223,330 — 100 %
of which		
Volvo	181,668 — 75%	170,746 — 76 %
Others	61,219 — 25%	52,584 — 24%
Commercial vehicles	28,553 — 100 %	21,456 — 100%
(trucks and buses)		

of which	1969	1968
Volvo	15,635 — 55%	12,448 — 58%
Others	12,918 — 45%	9,008 — 42%

8. New Registrations of Cars in North America and Western Europe (thousands of vehicles)

	1969	1968
North America	10,203	10,142
of which		
USA	9,447	9,404
Canada	756	738
Western Europe	7,350	6,700
of which		
Sweden	226	213
Norway	99	65
Denmark	117	91
Finland	84	48
Great Britain, Northern Ireland	965	1,100
Switzerland	195	168
Australia	101	131
France	1,365	1,240
Italy	1,218	1,168
West Germany	1,841	1,425
The Netherlands	350	335
Belgium	306	266
Spain	ca 375	310



9. AB Volvo. Sales by major product lines, incl. parts
(number of vehicles, mkr)

	1969		1968	
	No.	Mkr.	No.	Mkr.
Cars	180,793	1,980.3	169,169	1,750.2
Trucks	14,840	713.4	11,928	543.4
Buses	1,121	54.5	872	42.9
Other products	—	220.0	—	171.1
Total	196,754	2,968.5	181,964	2,507.6

Same sales divided between Sweden and export markets
(number of vehicles, mkr)

	1969		1968	
	No.	Mkr.	No.	Mkr.
Sweden	63,153	1,218.1	58,547	1,044.0
Exports	133,601	1,750.4	123,417	1,463.6

Sales in Sweden rose by 16.7 % and exports by 19.6 %.

10 AB Volvo, Exports of motor vehicles and parts
divided by markets (mkr)

	1969		1968	
	No.	Mkr.	No.	Mkr.
Scandinavia and Finland	413	303	+ 36.1	
Rest of Europe . . .	473	378	+ 25.0	
North America . . .	509	504	+ 1.0	
Other markets				
Latin America . . .	38	23		
Asia	100	81		
Africa	78	69		
Australia	12	228	10	182
Total	1,623	1,366	+ 18.7	

Same sales divided between EFTA and EEC (number of
vehicles, mkr)

	1969		1968	
	No.	Mkr.	No.	Mkr.
EFTA	48,239	674	39,869	507
EEC	21,368	176	19,351	138

11. Volvo Penta. Sales by markets (mkr)

	1969	1968	%
Sweden	40.5	35.1	+ 15
Rest of Europe . . .	63.0	49.6	+ 27
North America . . .	32.0	21.1	+ 52
Latin America . . .	13.8	11.2	+ 23
Africa	4.8	2.3	+ 109
Asia	8.5	7.2	+ 18
Australia	4.8	3.6	+ 33
Total	167.4	130.1	+ 29

12. AB Bolinder-Munktell. Sales by markets (mkr)

	1969	1968	%
Sweden	261.8	262.5	0
Rest of Europe . . .	230.8	156.6	+ 47
Asia	34.1	31.5	+ 8
Other markets . . .	33.5	37.1	- 10
Total	560.2	487.7	+ 15

13. AB Volvo. Major investments 1969 (mkr)

Göteborg	
Land purchased in Torslanda	16
Increase in capacity at Torslanda plant	15
Technical center	11
Skövde	
Expansion of the foundry	16
Skövde and Köping	
Increase in capacity	25
Forge in Arvika	3

14. AB Volvo. Major investment decisions
1969—March 1970 (mkr)

Göteborg	
Westward expansion including purchase of land	61
Expansion of the pressing plant	58
Electro-phoresis	37
Fitting-out shops	34
Technical center and test track	266
Skövde, Köping and Umeå	
Increase in capacity	158
Färgelanda and Bengtsfors	14

15. Volvo Corporation. Number of Employees,
December 31, 1969

	Wage earners	Salaried staff	Total
AB Volvo			
Head Office	835	2,701	3,536
Volvo Penta	169	285	454
Göteborg plant	6,834	1,038	7,872
Skövde plant	2,782	614	3,396
Bergslagens plant	410	83	493
Köping plant	1,420	382	1,802
Umeå plant	413	104	517
AB Bolinder-Munktell	3,127	1,672	4,799
Svenska Flygmotor AB	1,382	981	2,363
Olofström AB	3,606	1,070	4,676
Other Swedish subsidiaries	576	542	1,118
Foreign subsidiaries	1,110	1,912	3,022
Total	22,664	11,384	34,048

16. Distribution of Shares 1969.

Using data based on the payment of dividends in 1969, the shareholders have been grouped according to the size of their holdings.

	No. of share- holders	In % of all share holders	Own a total no. of shares	In % of share capital	Average no. of shares per owner
Owners of max. 100 shares	49,039	79.8	1,403,379	20.5	28.6
Owners of min. 101, max. 500 shares	9,374	15.3	2,001,707	29.3	213.5
Owners of min. 501, max. 1,000 shares	1,149	1.9	807,095	11.8	702.4
Owners of min. 1,001, max. 10,000 shares	660	1.1	1,408,822	20.6	2,134.6
Owners of more than 10,000 shares	23	0.0	1,127,488	16.5	49,021.2
Coupons not presented for payment	approx. 1,220	1.9	91,519	1.3	75.0
	61,465	100.0	6,840,000	100.0	111.3

Swedish Manufacturing Units of the Volvo Corporation

Volvo Göteborgsverken, Göteborg

consists of assembly plants for cars, trucks and buses.

Volvo Dalslandsverken, Bengtsfors and Färgelanda.

Car upholstery, among other products, is produced at Bengtsfors. The plant in Färgelanda is expected to start manufacturing various plastic parts for cars during 1970.

Volvo Skövdeverken, Skövde, Floby and Flen

was founded in 1868 and is a member of the Volvo Corporation since 1931. Included is one of the most modern engine plants in Europe for the manufacture of gasoline and diesel engines. The plant at Floby makes brake drums, wheel hubs and drive shafts for trucks, and disc brakes for cars. The plant at Flen produces marine diesel engines and does renovation work on engines, brake shoes, etc.

Volvo Köpingeverken, Köping and Arvika.

In the Volvo Corporation since 1942. The Köping plant manufactures transmissions, gearboxes, front and rear axles, car parts and parts in short series. The Arvika forge — added to the Corporation in 1967 — makes forgings for Volvo's car production.

Volvo Umeöverken, Umeå

makes truck-cabs and car-parts. In the Volvo Corporation since 1942.

Olofström AB, Olofström, Konga, Mjällby

manufactures components in pressed plate for the car production. This company was founded over 250 years ago, and was acquired by Volvo in 1969.

AB Volvo Penta, Göteborg

converts engines made by Volvo Skövdeverken and AB Bolinder-Munktel to marine and industrial engines as well as power plants. This company was founded in 1935.

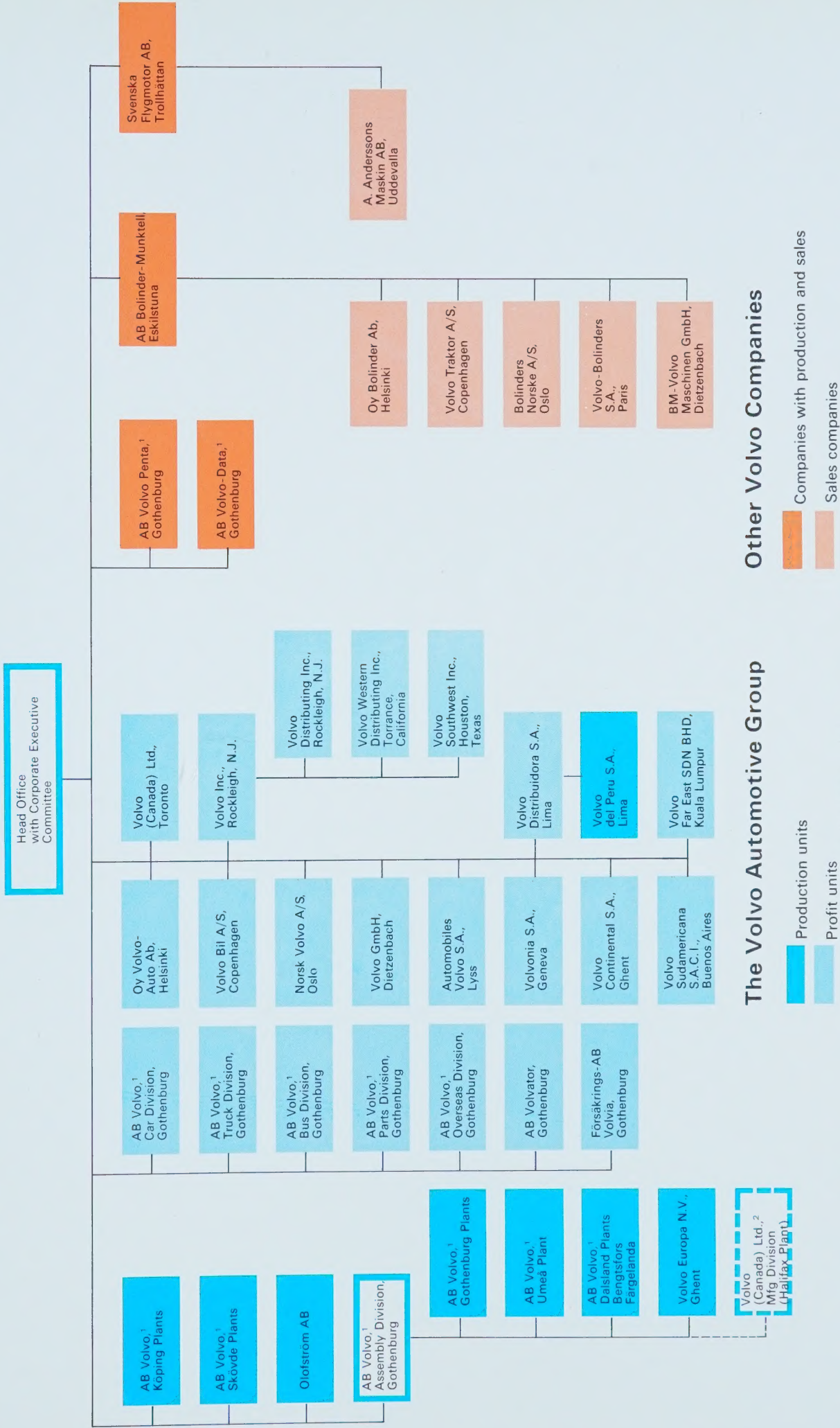
AB Bolinder-Munktel, Eskilstuna, Arvika, Hallsberg.

The company was established in 1832, and is a member of the Volvo Corporation since 1950. The plant at Eskilstuna manufactures agricultural and industrial tractors, chassis for industrial machines and diesel engines. The Arvika plant makes heavy loading machinery and the Hallsberg plant produces combines.

Svenska Flygmotor AB, Trollhättan

is the only producer of jet engines in the country. The precision manufacture further includes components for the "S" tank, steering assemblies for Volvo cars and hydraulic machinery. This company also carries on extensive research and development work. Flygmotor was founded in 1930, and has belonged to the Volvo Corporation since 1941.

Organization Plan of the Volvo Corporation



¹ Included in accounts of AB Volvo
² Included in Volvo (Canada) Ltd. from viewpoint of organization

